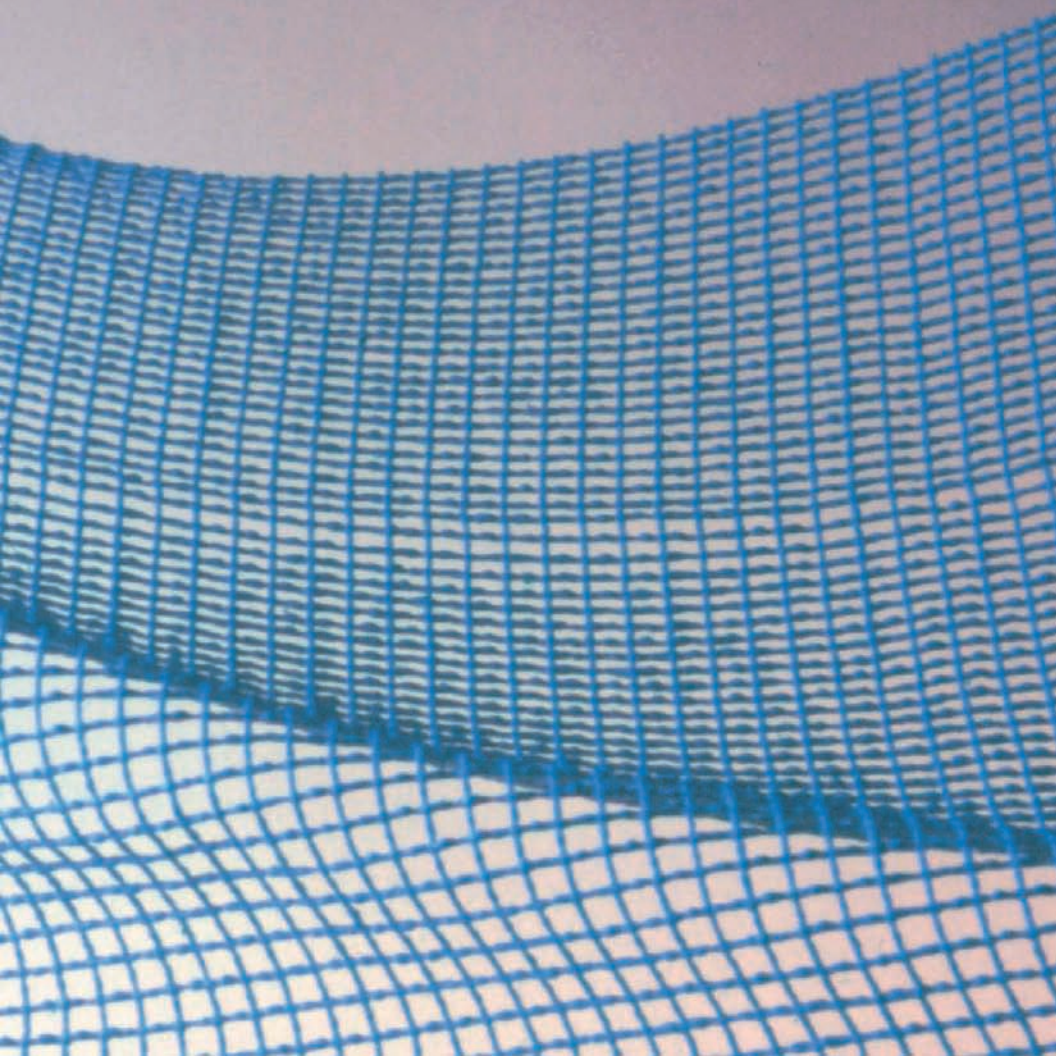


Pension Benefit Guaranty Corporation

Strategic Plan
FY 2011-2016





“If you work hard and meet your responsibilities, this country is going to honor our collective responsibility to you: to ensure that you can save and secure your retirement.”

President Barack Obama

September 5, 2009

35 years ago

“Under the law, the Employee Retirement Income Security Act of 1974, the men and women of our labor force will have much more clearly defined rights to pension funds and greater assurances that retirement dollars will be there when they are needed.”



President Gerald Ford, upon
signing the legislation
establishing the PBGC

September 2, 1974

About PBGC

The Pension Benefit Guaranty Corporation (PBGC) is a federal corporation established under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA established PBGC to insure, subject to statutory limits, benefits for participants in covered private-sector defined benefit pension plans in the United States. It currently guarantees payment of basic pension benefits earned by more than 44 million American workers and retirees in more than 29,000 plans. PBGC receives no funds from general tax revenues. Operations are financed by insurance premiums set by Congress and paid by companies that sponsor defined benefit pension plans, investment income, assets from plans trusted by PBGC, and recoveries from companies formerly responsible for the plans.

PBGC and its stakeholders maintain an interest in a strong and effective pension insurance system, which is vital to the encouragement of voluntary private pension plans. While the program remains exposed to significant risks and higher deficits, PBGC is committed to using the appropriate means to close the deficit, control its exposure to future losses, and educate the American public and stakeholders on the issues it faces.

This strategic plan provides a framework for safeguarding the pension insurance system, providing exceptional service to customers and stakeholders, and managing resources effectively to maximize efficiency. It identifies the priorities management has established to address the challenges PBGC will face.

PBGC is governed by a board of directors, which consists of the secretaries of labor (chair), treasury, and commerce. The director of PBGC is appointed by the president and subject to confirmation by the United States Senate.

PBGC Board of Directors

Secretary of Labor, Hilda L. Solis, Chair

Secretary of Treasury, Timothy F. Geithner

Secretary of Commerce, Gary Locke

Who We Are

Mission and Vision:

PBGC safeguards the retirement security of the American people by guaranteeing benefits for those covered by insured defined-benefit pensions.



PBGC is a performance-based organization that values professionalism, integrity, high ethical standards, and accuracy in all of its work.

PBGC Strategic Plan Overview

PBGC's strategic plan for fiscal years 2011 through 2016 is founded on three goals:

- PBGC will safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders.
- PBGC will provide exceptional service to customers and stakeholders.
- PBGC will exercise effective and efficient stewardship of PBGC resources.

This plan identifies key activities that carry out the agency's mission. It provides the overarching framework for achievement of agency priorities and allocation of its resources. It identifies the key outcomes and strategies that will be used to achieve these goals and the key indicators of success. The strategic goals and desired outcomes are communicated to employees and stakeholders through the Internet, staff meetings, and individual leadership.

“This is a time of great challenge for all of us in the public sector who are trying to assure American working families of financial security in retirement. Economic turmoil poses issues we have never before confronted and that do not lead to easy solutions. Despite changes in the economy, defined benefit plans will continue to play a vital role in providing retirement security.”

Vincent Snowbarger, Acting Director, PBGC, testimony before Congress in May 2009

PBGC Strategic Priorities

- **Plan and Manage Incoming Termination Workload**
Ensure pension insurance, benefit administration, and asset management functions have the necessary resources to address the incoming workload as well as policy changes directed by the board of directors.
- **Information Technology Infrastructure**
Transform the IT program into an up-to-date technology program that implements business solutions securely and efficiently.
- **Human Resources Programs**
Renew corporate focus on human resource programs that support the current and future needs of the Corporation through leadership programs, succession management, recruitment and retention programs.
- **Communication and Education**
Enhance corporate capabilities to respond to legislative issues and external information requests from stakeholders.
- **Efficiencies Through Compliance**
Focus resources in areas such as records management, IT security, integrated financial systems, and audit-response functions that lead to operational efficiencies through compliance.

PBGC Strategic Goals and Outcomes

Strategic Goal 1 - PBGC will safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders.

Outcome 1: A policy environment that appropriately balances the interests of stakeholders

Principal Strategy: Commit to eliminate PBGC's deficit and address PBGC's expected liabilities so that workers and retirees can expect to receive qualified benefit payments from PBGC for the defined benefit pension plans trustee'd by the agency.

Key Indicator: Annual analysis of the premium increase necessary to eliminate PBGC's deficit. (*externally reported measure*)

Outcome 2: Mitigate risk and avoid financial losses from underfunded pension plans

Principal Strategy: Improve risk monitoring and early warning activities; align resources to assure proper plan terminations; obtain enhanced recoveries from bankrupt plan sponsors that emerge from reorganizations; and intervene in corporate transactions to mitigate loss to PBGC.

Key Indicators:

- Implementation of a more robust case management system
- Use of experts to evaluate potential failures of major plan sponsors and corporate transactions involving plan sponsors maintaining significantly underfunded plans
- Pursuit of new claims for post-termination premium payments where former plan sponsors emerge from bankruptcy
- Pursuit and defense of PBGC liability claims in contested cases

Outcome 3: Compliance with pension insurance system laws and regulations under Title IV of ERISA

Principal Strategy: Implement the provisions of the Deficit Reduction Act of 2005 and the Pension Protection Act of 2006.

Key Indicators:

- Promulgation of regulations in coordination with appropriate agencies and within established timeframes
- Identification and remediation of legislative and regulatory gaps

Strategic Goal 2 - PBGC will provide exceptional service to customers and stakeholders.

Outcome 1: Timely, accurate, and responsive customer service and self-service tools

Principal Strategy: Increase functionality available via Web.

Key Indicators:

- American Customer Satisfaction Index (ACSI) ratings for participant services
 - Customer Contact Center callers (*externally reported measure*)
 - Retirees and beneficiaries receiving benefits (*externally reported measure*)
 - MyPBA users
- ACSI ratings for premium filer service
 - Premium filers (*externally reported measure*)
 - My PAA users
- Average age of benefit determinations issued (*external reported measure*)
- ACSI ratings for PBGC.gov (*externally reported measure*)
- Implementation of additional My PAA and MyPBA online transactions for participants and premium filers

MyPBA continues to speed processing. In 2009, over 37,000 new accounts were set up, and participants initiated 165,000 transactions.

Outcome 2: Efficient operational processes, procedures, and systems that have capacity to handle variable workloads

Principal Strategy: Consolidate applications, refine service-delivery model, and improve key processes.

Key Indicators:

- Fewer applications to support
- Simplified service-delivery model
- Re-engineered processes
- Flexible staffing aligned with workloads
- Cost per participant in trusted plan (*externally reported measure*)

PBGC paid \$4.5 billion in benefits to more than 700,000 retirees in 2009.

Strategic Goal 3 - PBGC will exercise effective and efficient stewardship of PBGC resources.

Outcome 1: Access to critical systems through reliable, adaptable, and secure information technology (IT) using enterprise services to meet the needs of PBGC's internal and external customers

Principal Strategy: Plan and manage IT projects as investments to provide measurable business improvements while mitigating risks.

Key Indicators:

- IT governance structure encompassing policies, procedures, standards, and guidance that enable corporate decision-making
- IT management framework integrating architecture planning, investment management, security, and solutions development to align IT with business goals and controls
- Transition strategy and sequencing plan identifying corporate-wide migration to target environment
- Cost-effective, secure solutions that are delivered on time and meet the planned performance goals

Outcome 2: Compliance with laws and regulations through program evaluations and management accountability

Principal Strategy: Ensure legal and regulatory compliance through implementation of appropriate policies, procedures, standards, and guidance.

Key Indicators:

- Unqualified financial audit opinion
- Effective internal controls mitigating risks and exposures
- Security controls, commensurate with risk, that protect sensitive, private, and classified information
- Contingency planning process that is documented and routinely tested
- Records management program that is compliant with National Archives and Records Administration requirements

Outcome 3: An expert, ethical, diverse, and highly productive workforce

Principal Strategy: Establish a performance-based culture with human capital programs and practices that promote a fair and inclusive work environment.

Key Indicators:

- A human capital strategic plan
- Proactive retention and recruitment of employees including mentoring, employee assessment and feedback, outreach, incentives, and recognition programs
- Succession planning and knowledge management programs
- A performance-based culture that improves accountability and organizational performance

- Trained workforce that models the highest ethical standards, ensuring that decisions are informed by public and not private interests
- Workforce well-trained in diversity and EEO matters

Key Factors Affecting Goals

Funding Relief

In response to declining economic conditions in late 2008, lobbyists advocated for and received blanket funding relief. Some relief was granted via legislation enacted in December 2008, and additional relief was provided in Treasury regulations. As a result, employers have a much longer timeframe for funding current pension obligations and, when PBGC trustees a plan, there will be much less money in the pension trust than there would have been had the funding rules remained intact. This additional underfunding will increase the PBGC deficit and result in workers receiving a smaller portion of their accrued benefits. And, Congress is continuing to consider enacting additional relief legislation.

Plan Underfunding

Financial and operational risks facing the pension insurance system continue to fluctuate significantly because of the sensitivity of underfunded pension plans to changes in economic conditions. These risks increased substantially

with the market downturn of late 2008, which resulted in significant increases in plan underfunding at a time when many sponsors were facing financial difficulties. The necessary PBGC monitoring of these plans and their sponsors strains PBGC resources.

At the end of 2009, PBGC estimated its exposure to underfunded plans “reasonably possible to terminate” at \$168 billion, up from \$47 billion in 2008.

Plan Terminations

Continued growth in the number and magnitude of pension plan terminations and the number of participants in trusteed plans increases PBGC’s workload and the need for supporting infrastructure. This larger workload and increasing customer expectations challenge the agency’s ability to maintain quality customer service levels.

Complexity of Assets in Terminated Plans

When an underfunded pension plan terminates, the plan’s existing investment portfolio is absorbed by PBGC, which commingles the new assets with existing assets already under PBGC management. Assets from recent large plan terminations have included complex investment mixes that the agency manages until the assets can be liquidated. The handling of complex assets in PBGC’s portfolio increases PBGC’s investment management costs.

Attracting and Engaging Highly Skilled Employees

The challenges of recruiting and retaining highly skilled employees can lead to difficulties in meeting growing customer demands. PBGC retirements and continuing competition from private sector organizations and other government agencies intensify these challenges.

Business Continuity and Contingency Planning (COOP)

PBGC has a comprehensive COOP to provide for the safety and security of its personnel as well as ensure that critical business functions remain operational during any emergency. PBGC recognizes that business continuity planning is more than the recovery of technology. It also includes safe evacuation and monitoring of staff, communication during crises, preparation and protection of staff from pandemics such as influenza, and protection of vital agency records. PBGC conducts testing of various aspects of its business COOP semiannually and is currently expanding its testing to include more functional and “live” testing to ensure that every employee understands his/her responsibilities.

Program Evaluation

Program evaluation is an independent and objective assessment of a program area. The following entities and activities regularly evaluate PBGC programs, operations, and systems.

Government Accountability Office (GAO)

GAO routinely studies the effectiveness and efficiency of the federal pension insurance system administered by PBGC. Its studies and recommendations have led to legislative and

policy changes as well as process improvements at PBGC. Management will continue to rely upon GAO for guidance to help improve performance and ensure accountability.

Office of Inspector General

PBGC's Office of Inspector General (OIG) is an independent office within PBGC, established under the Inspector General Act of 1978 to promote integrity, efficiency, and effectiveness. OIG has developed its own strategic plan with emphasis on adding value to PBGC programs and activities. OIG conducts the annual financial audit of PBGC in addition to other program reviews, and it solicits input from PBGC's board of directors and senior managers when developing its annual plan.

Internal Controls Committee

PBGC expanded its internal risk management program and established the Internal Controls Committee to oversee the testing and reporting of management controls for its key business cycles. The interdepartmental representation of managers and staff on the committee enables the agency to develop a strong internal control awareness program and routinely monitor the progress of required corrective actions.

Annual Customer and Employee Surveys

PBGC annually evaluates the satisfaction of customer and stakeholder segments using the independent American Customer Satisfaction Index and annually surveys its employees using OPM's Employee Viewpoint survey. PBGC benchmarks its results with other government and private organizations. Evaluation of the survey results enables PBGC to identify customer and employee needs and make targeted improvements.

How We Measure Our Success

PBGC establishes measures and targets to regularly assess how we are performing as an organization. Since much of our business is customer-focused, PBGC uses the American Customer Satisfaction Index (ACSI) to survey various performance segments. The chart below shows our major performance measures, 2009 current results, and long-range targets through 2016.

Performance Measure	2009 Result	2016 Proposed Target
Strategic Goal 1. Safeguard Pension Insurance System		
Annual analysis of the premium increase necessary to eliminate PBGC's deficit over a reasonable period of time (e.g., 10 years) and to pay for losses anticipated under various economic conditions	Report completed	Complete annual report
[Placeholder for IPO measure]		

Performance Measure	2009 Result	2016 Proposed Target
Strategic Goal 2. Customer Service		
ACSI ratings for participant services a. Customer Contact Center calls b. Retirees and beneficiaries receiving benefits c. Online transactions for participants (My Pension Benefit Account)	 82 88 83	 81 85 81
ACSI ratings for premium filer service a. Premium filer b. Online transactions for premium filers (My Plan Administration Account)	 72 79	 71 78
ACSI rating for PBGC.gov	72	75
Average time to complete a plan	N/A	3.0 years
Strategic Goal 3. Stewardship		
Cost per participant in trusted plans	\$181	\$176

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